GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1766
ANSWERED ON:08.03.2001
ALLOCATION OF NAPHTHA TO MSEB
VILAS BABURAO MUTTEMWAR

Will the Minister of POWER be pleased to state:

(a) whether the Government have received a proposal from the Maharashtra for allocation of Naphtha at imported price so as to check the rising cost of power in the State;

(b) if so, the details thereof along with the action taken thereon;

(c) the present status of finalisation of Enron`s Dabhol Phase-II project in Maharashtra; and

(d) the details of funding arrangement made for the project consignment upon withdrawal of MSEB from the project?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : The Government of Maharashtra (GOM), while proposing grant of SpecialImport License to M/s. Dabhol Power Company (DPC) to import naphtha/Distillate OilNo.2 for their Dabhol power project, had stated that the procurement price of naphtha byway of imports by DPC was lower than import parity price charged by Indian oilcompanies for supply of domestic naphtha. The Indian Oil Corporation has since agreed to supply naphtha to DPC on the price matching the price of imported naphtha.

(c) : Phase-II of the Dabhol power project (1444 MW) is scheduled to start commercial operation by November, 2001.

(d) : The Maharashtra State Electricity Board (MSEB), through its special purpose vehicle i.eMaharashtra Power Development Company (MPDCL), has taken 30% equity in Phase-I of the Dabhopower project. Phase-II of the project has also envisaged 30% equity to be held by MSEB.In an application made to the Foreign Investment Promotion Board (FIPB) on 13.10.2000, DPC stated that MSEB was not making any contributions due from it for Phase-II of the project and, therefore, proposed that the 30% shareholding of MSEB in Phase-II of the project be picked up by a new affiliate of Enronbased in Mauritius. In addition to this, DPC also sought the approval of Government for raising an additional equity of US$ 233 million by way of contingency equity at the insistence of lenders to the project, which would be required to meet any cost variation arising during construction. GOM hadconveyed their no objection to the proposal of Enron for picking up MSEB`s share of equity of Phase-IIof the Dabhol project subject to the condition that 30% equity of Phase-II should be transferred to thenominated company of MSEB after its completion on terms and conditions mutually agreed upon. The Government of India (GOI) conveyed its approval to the above proposal of DPC on 12.2.2001It has recently been informed by GoM that MPDCL may take up the 30% equity after commissioning of Phase-II.